

**MEDICAID TRUSTEE & BENEFITS
FEDERAL MEDICAL ASSISTANCE PERCENTAGE (FMAP) HISTORY**

State Fiscal Year	Quarter	FMAP	ARRA Unemployment Tier
2007	Jul - Sep	69.91%	
2007	Oct - Dec	70.36%	
2007	Jan - Mar	70.36%	
2007	Apr - Jun	70.36%	
2008	Jul - Sep	70.36%	
2008	Oct - Dec	69.87%	
2008	Jan - Mar	69.87%	
2008	Apr - Jun	69.87%	
2009	Jul - Sep	69.87%	
2009	Oct - Dec	78.78%	ARRA Tier 2
2009	Jan - Mar	78.78%	ARRA Tier 2
2009	Apr - Jun	79.18%	ARRA Tier 3
2010	Jul - Sep	79.18%	ARRA Tier 3
2010	Oct - Dec	79.18%	ARRA Tier 3
2010	Jan - Mar	79.18%	ARRA Tier 3
2010	Apr - Jun	79.18%	ARRA Tier 3
2011	Jul - Sep	79.18%	ARRA Tier 3
2011	Oct - Dec	79.18%	ARRA Tier 3
2011	Jan - Mar	69.71% ⁽¹⁾	
2011	Apr - Jun	69.71% ⁽¹⁾	

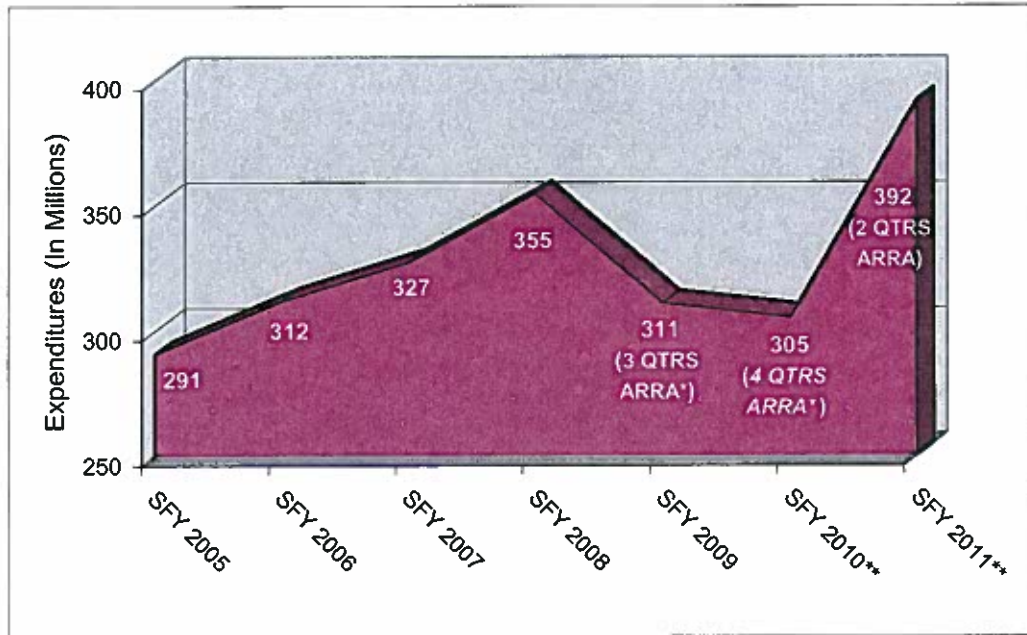
ESTIMATES IN YELLOW⁽²⁾

(1) FMAP beyond the ARRA is an estimate based upon a formula which compares individual state per capita income to the continental United States per capita income.

(2) FMAP during ARRA subject to final published unemployment data

**MEDICAID TRUSTEE & BENEFITS
GENERAL FUND HISTORY
(IN MILLIONS)**

MEDICAID TRUSTEE & BENEFITS - GENERAL FUND EXPENDITURES



*ARRA: American Recovery & Reinvestment Act of 2009

**SFY 2010 & SFY 2011 reflect the Agency Request

SUMMARY OF STIMULUS FUND REDUCTIONS (IN MILLIONS):

General
Funds

SFY 2009:

Rescission - Stimulus Funds (On-Going)	74.2
Caseload Growth	(21.9)
SFY 2009 Rescission - Stimulus Funds, Net of Caseload Growth	52.3

SFY 2010:

Base Reduction - SFY 2009 Rescission (Reduced On-Going)	52.3
Base Reduction - SFY 2010 Additional Stimulus Funds (Reduced On-Going)	112.1
Caseload Growth	(38.9)
SFY 2010 Base Reduction - Stimulus Funds, Net of Caseload Growth	125.5

**MEDICAID TRUSTEE & BENEFITS
BUDGET REQUEST SUMMARY
(IN MILLIONS)**

	General Funds
SFY 2010:	
Supplemental (2010 Caseload, Pricing & Utilization Increase)	14
Nursing Facility Provider Assessment	(2)
Budget Holdback - Hold 1-2 Weeks of Medicaid Payments ^{(1), (2)}	12
SFY 2010 Shortfall:	24
SFY 2011:	
<u>SFY 2010 On-Going Items:</u>	
Supplemental (2010 Caseload, Pricing & Utilization Increase)	14
Nursing Facility Provider Assessment	(2)
SFY 2011 Caseload Increase	15
SFY 2011 Cost-Based Pricing & Utilization Increase	8
SFY 2011 Mandatory Pricing Increase	2
6 Months of Federal Medical Assistance Percentage (FMAP) Change ⁽³⁾	61
SFY 2011 Shortfall:	99

**A \$99 million shortfall in general funds would result in a
required cost savings of approximately \$387 million,
or about 23% of the Medicaid program.**

Based on the composite SFY 2011 FMAP rate of 74.45%.

- (1) Assumes 1-2 Weeks of SFY 2010 Medicaid Payments Held Until SFY 2011
- (2) Includes \$5.6 million of end-of-year payments to the Centers for Medicare & Medicaid Services (CMS), where the federal match is only about 49.5%
- (3) Excludes \$1.8 million of general fund impact related to FMAP change in other programs; State Hospital South, Idaho State School & Hospital, Foster & Assistance Payments, Substance Abuse, and Children's Mental Health

Division of Medicaid Status Report as of October 2009

The Division of Medicaid initiated a number of strategies to reduce spending. The division's 2010 budget was approved, it continued the holdbacks from SFY 2009 and assumed new cost containment initiatives would be implemented to further reduce spending.

The following is a summary of the status of these holdbacks and initiatives in the division's Trustee and Benefits plans to date:

Current Cost Avoidance Initiatives	Status	Target (annual)
Hospitals		
Reduced prices paid for hospital-based ambulatory surgical centers – 2009 ongoing	Implemented	\$6 million
Requirement to pay state share of disproportionate share hospital (DSH) 2010	Implemented	\$5.9 million
5% reduction of hospital interim rates – 2009 ongoing	Implemented	\$4.3 million
Total for Hospitals		\$16.2 million
Long Term Care		
Decrease amount of incentive payments available for nursing homes - 2010	July 1, 2009 – SPA Pending Federal Approval	\$3.5 million
Reduce nursing home rates by 2.7% (for one year) & reduce inflation factors 2010– need to amend statute to add 2nd year	July 1, 2009 – SPA Pending Federal Approval	\$4.1 million
Adjusted rates to provide incentive to provide companion care - 2009 ongoing	Implemented	\$760,000
Total for Long Term Care		\$8.36 million
Pharmacy		
Added anti-psychotic drugs to preferred drug list; obtain rebates - 2010	Implemented – Drug class reviewed August 2009	\$2.2 million
Expand the use of the State Maximum Allowable Cost pricing approach - 2010	Process developed to expand program	\$8 million
Total for Pharmacy		\$10.2 million
Mental Health		
Reduced the maximum amount of PSR benefits available - 2009 ongoing	Implemented	\$3.9 million
Reduced the maximum amount of partial care benefits available - 2009 ongoing	Implemented	\$8.8 million
Total for Mental Health		\$12.7 million

Current Cost Avoidance Initiatives		Status	Target (annual)
Medical			
Reduced the rates paid for incontinence supplies- 2009 ongoing	Implemented		\$390,000
Freeze physician and dentist rates (one year) 2010 – need to amend statute to add 2nd year	Implemented		\$4.3 million
Freeze related medical services rates (one year) - 2010– need to amend statute to add 2nd year	Implemented		\$1.1 million
Implement utilization management approach (diagnostic imaging) - 2010	RFP - currently posted vendor selection October 2009		\$1 million
Total for Medical			\$6.79 million
Medicaid Managed Care Contracts			
Re-negotiated premium payments and re-bid outsourced dental plan - 2010	Implement in SFY 2009 - On track Dental RFP October 2009.		\$2.2 million
Development Disabilities			
Change pricing methodology for certified family home payments - 2010	In Development		\$2.8 million
Change the pricing method for affiliated agencies	Lawsuit pending – – Loss of \$1.4 million savings		\$0
Freeze intermediate care facility (ICF) prices - 2010	July 1, 2009 – SPA Pending Federal Approval		\$314,000
Reduced the maximum amount of DDA benefits available - 2009 ongoing	Implemented		\$6 million
Reduced Independent Assessment Contract - 2009 ongoing	Implemented		\$1 million
Total for Development Disabilities			\$10.114 million
Non-Emergency Medical Transportation			
Removed benefit for Basic Plan participants	CMS reversed; federal regulations changed – SPA Disapproved - Loss of \$1 million		\$0
Outsource to transportation broker – 2010	RFP being resubmitted – September 2009		\$6.8 million
Total for Non-Emergency Medical Transportation			\$6.8 million
Cost Sharing			
Implement cost sharing (premiums) for Katie Beckett families – 2010	February 1, 2010 Rules revised based on public comment		\$1 million
Impact of Current Cost Containment Initiatives			
State General Funds	Federal Funds	Total Funds	
\$15.831 million	\$58.803 million	\$74.364 million	

Initiatives under Development		
Hospital Short Term Pricing Reductions	In negotiations	\$6.5 million
Nursing Home Reimbursement Reductions	Under analysis	\$5.3 million
Medical Supply Pricing Reduction	Under analysis	\$500,000
Personal Care Services Rate Freeze	Under analysis	\$1.6 million
Deputy Attorney General for Estate Recovery	Beginning discussions with AG	\$2.5 million
Drug Utilization Review Contract Reduction	Completed; will terminate in April	\$325,000
Optional Benefits and Pricing Strategies under Analysis	Under analysis	TBD
State General Funds	Federal Funds	Total Funds
\$3.482 million	\$13.243 million	\$16.725 million

**MEDICAL ASSISTANCE PROGRAM
EXPENDITURE BY SERVICE CATEGORY
(IN MILLIONS OF DOLLARS)**

The numbers below
reflect the Department's
September 1st Budget Submission

Service Required	Rate Set	Row Number	Service Category	2009 Actual	2010 Estimate	2011 Estimate
federal	rule	1	Hospital	\$ 256.2	\$ 274.6	\$ 298.9
rule	rule		Upper Payment Limit	24.7	24.7	24.7
rule	rule		Disproportionate Share Hospital Payments	22.2	22.7	23.3
federal	state	2	Nursing Facility	151.7	164.9	168.5
federal	state	3	Physician Services	73.4	84.1	94.3
federal	federal	4	Medicare Parts A & B	36.0	43.9	50.3
federal	federal	5	Part D Clawback (100% General Funds)	19.5	24.0	25.4
federal	rule	6	Medical Transportation	20.5	22.3	22.6
federal	rule	7	Laboratory/Radiology Services	14.3	17.9	21.3
federal	federal	8	Federally Qualified Health Center	10.6	14.1	15.8
federal	federal	9	Home Health Services	8.8	11.9	14.6
federal	rule	10	EPSDT Services	11.7	13.5	14.3
federal	federal	11	Rural Health Clinic Services	8.5	9.9	10.6
federal	federal	12	Hospice Benefits	6.3	7.7	8.3
federal	rule	13	Family Planning	3.7	4.5	4.9
federal	federal	14	Indian Health Services	2.0	2.0	2.0
state	rule	15	Prescribed Drugs	104.9	113.6	130.0
state	state	16	Mental Health (Task 1000 & COS 704)	87.6	95.7	101.1
state	rule	17	Aged/Disabled-Waiver (TBI Included)	86.6	94.6	96.7
state	rule	18	ISSH/DD Waiver	74.9	75.7	81.4
state	Coverage Group	19	School District Services	30.5	48.7	66.8
state	Coverage Group	20	Child Health Program (Title XXI)	46.0	54.4	62.5
state	state	21	Development Disability Center	58.1	61.7	61.5
state	state	22	ICF/MR Care	37.2	39.4	40.8
state	rule	23	Medicaid Prepaid Health Plans	28.8	25.7	31.7
state	rule	24	Durable Medical Equipment & Med Supplies	21.1	25.4	26.4
state	state	25	Personal Care Svs Plan	22.7	24.3	25.2
state	rule	26	Ambulatory Surgical Centers	20.4	21.5	22.8
state	rule	27	Other Practitioners	17.4	19.5	20.8
state	state	28	Inpatient Mental Health < 21 (COS 701 & 705)	14.3	17.1	20.2
state	state	29	Targeted Case Management	14.0	15.6	18.2
state	rule	30	Dental Services	9.2	11.5	14.8
state	rule	31	Physical Therapy	9.6	11.7	12.0
state	Coverage Group	32	Breast & Cervical Cancer Program	6.3	7.1	8.5
state	rule	33	Healthy Connections	6.8	7.1	7.5
state	rule	34	Outpatient Rehab	3.4	4.1	4.2
state	rule	35	Nurse's Aide Training	3.6	3.1	3.1
state	rule	36	Group Health Plan Payments	2.4	2.4	2.6
state	rule	37	District Health	0.4	0.5	0.5
state	rule	38	Preventive Health Accounts	0.2	0.2	0.2
state	state	39	Personal Care Services	-	-	-
TOTAL EXPENDITURES				\$ 1,376.5	\$ 1,523.6	\$ 1,659.6
PERCENT CHANGE				9.29%	10.69%	8.93%

Note: Medicaid eligibility cannot be modified until FMAP reverts to the pre ARRA levels on Jan 1, '11
All State plan changes must be approved by CMS

Breakdown by Funding Source:

General Funds	\$ 311.1	\$ 305.3	\$ 392.1
Dedicated Funds	90.7	95.3	107.1
Federal Funds	974.7	1,123.0	1,160.4
TOTAL EXPENDITURES	\$ 1,376.5	\$ 1,523.6	\$ 1,659.6